

Allen-Scott Report

Famine and Industrial Decreases Causing Mass Rage in Red China

By **ROBERT S. ALLEN** and **PAUL SCOTT**

Red China is in the grip of even worse internal disasters than its increasingly desperate shortage of grain and other food.

Widespread industrial breakdowns also are afflicting Peiping's Communist rulers.

In a startling report to congressional leaders, Central Intelligence Director John McCone has disclosed that in the past year China's industrial production suffered such critical declines as to seriously affect the morale and effectiveness of its armed forces.

According to CIA compilations, over-all production in 1961 fell a staggering 80 per cent under 1960. Virtually every major Chinese industry experienced enormous decreases.

FOREMOST AMONG THESE amazing reductions are:

Coal output off 80 per cent; electric power 70 per cent; pig iron 76 per cent; rolled steel 90 per cent; crude oil 75 per cent; cement 72 per cent; cotton yardage 74 per cent; flour 75 per cent; sugar 90 per cent; cloth 72 per cent; paper 80 per cent; matches 60 per cent.

Clothing and fuel have become so scarce the Reds have put out feelers to Western countries

for large purchases. As in the case of their immense grain imports, the Communists want long-term credits.

"These astounding lags in industrial production spell real trouble for the rulers of Red China," MacCone told the congressional leaders in his first report since becoming head of CIA. "For one thing, they have forced cutbacks from 60 to 75 per cent in deliveries of rations and all types of weapons and equipment to the military, which has the highest priority.

"Already there have been a number of small but significant uprisings among both the civilian population and the military, which had to be put down by the use of force. We have authenticated information on these incidents in different parts of the country.

"These developments could lead to far-reaching consequences to the U. S. and the rest of the free world. When Communist masters become desperate, they do desperate things."

IN AN EFFORT to divert mass rage at these mounting internal disasters, the Peiping rulers have greatly intensified their "hate America" propaganda.

This latest anti-U. S. fury, McCone warned, could be the prelude to new Red military aggressions in Southeast Asia. This ominous possibility is being closely watched.

Another outgrowth deemed highly likely is a series of purges among upper-level Communist leaders.



Mr. Allen